

CALL NO.

CA1

FN 57

-B67

GOVT

Mc Evoy
Government
Publication

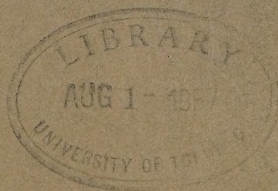
(3)

Submitted to
**THE ADVISORY BOARD
ON TARIFF AND TAXATION**

November, 1928

By
**CANADIAN COLLIERIES
(DUNSMUIR) LIMITED**
and
**WESTERN FUEL CORPORATION
OF CANADA, LIMITED**

Reference No. 44



CAI
FNS7
-B67

BRIEF

TO THE ADVISORY BOARD
ON TARIFF AND TAXATION

This statement is made on behalf of the coal mining industry of Vancouver Island. The appearer represents Canadian Collieries (Dunsmuir) Limited, a Company incorporated under Dominion law, having total stock and bond issues of a value of approximately \$13,900,000., and Western Fuel Corporation of Canada, iimited, a Company incorporated in British Columbia, having a total stock and bond issue of approximately \$5,000,000. Practically the whole of the stock issues of both Companies and over four-fifths of the bond issues are held either in Canada or Great Britain.

The two Companies between them operate eleven coal mines in different districts in Vancouver Island and have a yearly output at present of between 900,000 and 1,000,000 tons of coal, being more than five-sixths of the total Island output. The two Companies between them employ approximately 3,000 men and have a payroll of approximately \$4,200,000., per annum.

The Island Companies strongly object to the suggested removal of the present duty on bituminous coal and slack imported into Canada from the United States for the following reason. The existence of these Companies depends on their being able to dispose of their fine coal of which the Island mines produce a considerable quantity, owing to the friable nature of some of the seams worked. Unless this coal can be disposed of at a reasonable price it would be impossible for the Island mines to continue working unless they could put up the price of domestic lump coal, which is undesirable even if it were possible.

The only possible market which the Island Companies have for their slack coal is the local Coast market of British Columbia. This market is not a large one and barely suffices to absorb the slack coal which the Companies are compelled to produce in the course of their operations. The price which the consumers pay for this coal is substantially less than the average cost of mining, but nevertheless it enables the Companies to dispose of their output and to lessen their costs, the whole of which would otherwise have to be borne by the higher grades of coal.


If the duty were removed the British Columbia market would be inundated by slack coal from the neighbouring American States, where it is produced in great quantities at a very low cost. In confirmation of this the following may be adduced. As the Commission are aware there is a rebate of 99% of the duty on slack coal imported for the manufacture of coke for metallurgical use. There is only one Company on the Coast which makes metallurgical coke on a large scale, and this Company imports the whole of its requirements from the United States except for the slack produced from a coal mine which it owns itself.

Both Canadian Collieries and Western Fuel have been working for many years past on a very small margin of profit. The first named Company has not paid a dividend on its stock for fifteen years and for thirteen years has also failed to meet its bond interest, no payment of any kind having been made during that period to either the bondholders or shareholders with the exception of 2% on the senior bond issue which was paid in 1927. The second named Company has succeeded in paying its bond interest but has not paid a dividend of any kind on its stock during the past five years. Neither Company, therefore, is in a position to meet the very serious situation which would be created by the loss of the local slack coal market.

The two Companies do not ask for any increase in the duty. This in fact would be against their interest inasmuch as they are able to sell a certain amount of lump coal in the Seattle market and this sale would be injured by a reciprocal increase in the American duty. The reason for this position is that the duty of 50 cents is not so important when applied to lump coal—particularly as the Island mines produce a better quality than the local American mines. On the other hand, the duty is of importance when applied to a much lower priced slack coal.

The present position is more or less stabilized as far as the Island mines and the Coast market are concerned and any alteration in the reciprocal duties one way or the other would cause disturbance and would be likely to be disastrous to the coal industry of Vancouver Island, which even now only maintains itself with difficulty. Inasmuch as the coal industry is the largest employer of labour on the Island it is submitted that it is entitled to consideration, apart from any question of the money invested in it.





Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761115544546>

